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# Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,

*Petitioner,*

*v.*

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE,

*Respondent.*

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

## BRIEF OF *AMICUS CURIAE* NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF PETITIONER

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## INTEREST OF *AMICUS CURIAE*[1]

The New York Intellectual Property Law Association ("NYIPLA") is a bar association of more than 1,300 attorneys who practice in the area of patent, copyright, trademark and other intellectual property ("IP") law.[2] It is one of the largest regional IP bar associations in the United States. Its members include in-house counsel for businesses and other organizations, and attorneys in private practice who represent both IP owners and their adversaries (many of whom are also IP owners). Its members represent inventors, entrepreneurs, businesses, universities, and industry and trade associations. They regularly participate in patent litigation on behalf of both plaintiffs and defendants.

Directly relevant to the issues here, the NYIPLA's members regularly represent parties—including both patent owners and validity challengers—in inter partes review ("IPR") proceedings before the Patent Trial and Appeal Board ("PTAB") of the U.S. Patent and Trademark Office ("PTO"). The NYIPLA thus brings an informed perspective to the issues presented.

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[1] Pursuant to Sup. Ct. R. 37.6, the NYIPLA and its counsel represent that they have authored the entirety of this brief, and that no person other than the *amicus curiae* or its counsel has made a monetary contribution to the preparation or submission of this brief.

[2] Pursuant to Sup. Ct. R. 37.2(a), Respondent's written consent to this filing is submitted herewith. Petitioner consented to the filing of *amicus curiae* briefs in support of either party or neither party in a docket entry dated October 20, 2015.

Because of the increasing prevalence of IPR proceedings, and the importance of such proceedings to patent owners and validity challengers alike, the NYIPLA's members and their clients have a strong interest in the issues presented in this case.[3]

## SUMMARY OF THE ARGUMENT

This Petition presents two issues of exceptional importance to patent owners and to those who challenge a patent's validity in IPR proceedings.

One issue concerns the availability of judicial review when the PTO institutes an IPR in violation of explicit statutory constraints, and thereafter renders patent claims invalid in a proceeding that was *ultra vires* from the outset. A divided Panel of the Federal Circuit held that such agency conduct is immune from judicial scrutiny, even on appeal from a final decision rendered by the PTO pursuant to an improperly instituted IPR.

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[3] The arguments made in this brief were approved by an absolute majority of NYIPLA's officers and members of its Board of Directors, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or member of the Amicus Briefs Committee who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party to this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters that may be affected by the outcome of this litigation.

The Panel majority's holding turns the statutory limits on the PTO's ability to institute an IPR into a toothless nullity, and contravenes precedent of this Court establishing a strong presumption in favor of judicial review of agency action. The NYIPLA urges this Court to grant certiorari to review this important issue.

The other Question Presented concerns the standard that governs claim construction in IPR proceedings, i.e., whether the applicable standard should be the one courts apply in determining the correct claim construction, or the "broadest reasonable interpretation ('BRI')" standard that the PTO applies in patent prosecution. The resolution of this issue can control the outcome of many IPR proceedings because claim construction frequently has a dispositive impact on validity determinations. This issue also is of exceptional importance, and warrants this Court's review.

The Court's consideration of these questions is particularly crucial at this juncture because of the increasing prevalence of IPR proceedings. Following the enactment of the America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284 (2011), the number of IPR proceedings has grown exponentially. To a large and increasing extent, IPRs are supplanting district court litigation as the forum for resolving issues of patent validity based on the prior art.

Statistics available on the PTO's website illustrate this point. In the first three years since IPRs became available, more than 3500 IPR petitions were filed, and for those not settled or withdrawn before an institution decision, the PTO instituted

review more than 70% of the time. *See* PTAB Statistics, Sept. 30, 2015, at pp. 2, 4, 7, U.S. Patent and Trademark Office, *available at* http://www.uspto.gov/sites/default/files/documents/2015-09-30%20PTAB.pdf (last accessed Nov. 5, 2015). In 499 of the 575 IPR trials that have reached a final decision, the PTO invalidated some or all of the challenged claims. *Id.* at 9. As a result, validity challengers are increasingly seeking to institute IPR proceedings, instead of presenting obviousness and anticipation defenses in district court litigation.[4]

In light of the increasing utilization of this new and especially potent avenue for patent challenges, guidance from this Court is needed to make clear that judicial review is available when the PTO institutes an IPR proceeding and invalidates patent claims in violation of its statutory authority, and to determine the claim construction standard that the PTO should apply to determine patent validity.

In this case, the Panel was split 2-1 with a vigorous dissent on both issues, and the Federal

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[4] The vast majority of IPR proceedings take place in parallel to co-pending district court litigation. *See* Brian J. Love & Shawn Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. Chi. L. Rev. Dialogue 93, Appendix B (2014) (reporting that through March 2014, 78.8% of IPR proceedings had co-pending litigation); Perkins Coie, *Inter Partes Review Proceedings: A Third Anniversary Report*, at pp. 5, 7 (Sept. 2015), available at https://www.perkinscoie.com/en/news-insights/inter-partes-review-proceedings-a-third-anniversary-report.html (last accessed Nov. 5, 2015) (reporting that 90.9% of the IPR petitions filed through August 17, 2015 had co-pending district court litigation).

Circuit then split 6-5 in denying a petition for rehearing en banc. This sharp division in the Federal Circuit adds to the reasons for immediate review by this Court of these critically important questions, rather than waiting for even more conflicting panel decisions to develop.

## ARGUMENT

### I. Whether an *Ultra Vires* Institution of IPR is Reviewable is an Issue of Exceptional Importance

This Court should grant the petition for a writ of certiorari to clarify that PTO decisions invalidating patents on grounds that exceed the PTO's statutory authority are subject to judicial review, not immune from it.

#### A. It is Improper for the PTO to Invalidate Patents on Grounds Outside Its Statutory Authority to Do So

The process of instituting IPR proceedings under the AIA begins with the filing of a petition by the validity challenger. *See* 35 U.S.C. § 311(a). The AIA sets strict requirements for such petitions. For example, the AIA requires that the petition must identify "*with particularity ... the grounds* on which the challenge to each claim is based, and the *evidence that supports the grounds* for the challenge to each claim." 35 U.S.C. § 312(a)(3) (emphasis added).

The applicable regulations likewise recognize that a petitioner seeking inter partes review must

specify the "specific statutory grounds under 35 U.S.C. 102 or 103 on which the challenge to the claim is based and the patents or printed publications relied upon for each ground." 37 C.F.R. § 42.104(b)(2).

These requirements ensure, *inter alia*, that patent owners are on notice of the basis for a invalidity challenge and in a position to submit a preliminary response in opposition to the petition, as permitted by 35 U.S.C. § 313.

The PTO may only institute an IPR proceeding based on "the information presented in the petition" and any response thereto. 35 U.S.C. § 314(a).[5] It is improper for the PTO to institute an IPR—and proceed to issue a final decision adjudicating the validity of patent claims—on grounds that do not appear in the petition. The AIA could not be more explicit on this point. The PTO must exercise its authority to institute an IPR within the confines of statutory requirements imposed by the AIA.

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[5] *See id.* ("The Director may not authorize an inter partes review to be instituted unless the Director determines that *the information presented in the petition filed under section 311 and any response filed under section 313* shows that there is a reasonable likelihood that the petitioner would prevail *with respect to at least 1 of the claims challenged in the petition.*") (emphases added). The Director of the PTO has delegated this authority to the PTAB. *See* 37 C.F.R. § 42.108.

### B. On Appeal of a Final Decision in an IPR, the Federal Circuit May Review Whether the PTO Exceeded its Authority in Instituting the IPR

The AIA provides that the Federal Circuit may review final decisions in an IPR. 35 U.S.C. § 319. Although the AIA does not permit interlocutory appeals from decisions to institute an IPR, nothing in the statute precludes the Federal Circuit from considering whether the patent was found invalid on grounds exceeding the PTO's authority in a proceeding that was unlawfully instituted.

The prohibition on interlocutory appeals of decisions to institute an IPR is set out in § 314(d) of the AIA:

> (d) NO APPEAL.— The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

35 U.S.C. § 314(d).

As Judge Newman explained in her dissent in this case, "[t]he stated purpose" of this provision "is to control interlocutory delay and harassing filings." App., 46a. (Newman, J., dissenting). Until the Panel decision here, this provision operated to: (a) bar appellate review of decisions *not* to institute IPR proceedings, and (b) bar *interlocutory* appeals of decisions to institute such proceedings. *See St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375-76 (Fed. Cir. 2014); *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379, 1381 (Fed.

Cir. 2014). For the former, this provision helps to ensure that IPRs do not become a "tool for harassment" through "repeated litigation and administrative attacks" on patent validity. *See* H.R. Rep. No. 112-98, pt. 1, at 48 (2011). For the latter, it reflects the reality that an interlocutory appeal serves no purpose if the proceeding is subsequently dismissed or denied on the merits.

When the Federal Circuit reviews a final decision in an IPR, this provision cannot properly be read to preclude consideration of whether the PTO violated statutory requirements in instituting the IPR proceeding and in extinguishing patent rights in a proceeding that was *ultra vires* from the outset. Any other rule would turn the AIA's limits on the PTO's ability to initiate an IPR into a nullity.

The Panel decision runs counter to the express language of § 314(d). The very title of § 314(d)—"*No Appeal*"—confirms that it is inapplicable to appeals that are expressly authorized by § 319 of the AIA, which is entitled "Appeal." Section 319 permits an appeal from any "final written decision" in an IPR. Section 314(d) cannot properly be read to narrow the issues that can be raised in an appeal that is authorized by § 319.

The Panel decision also runs counter to established precedent of this Court, which has repeatedly held that there is a "strong presumption" against the unreviewability of agency action. *Mach Mining, LLC v. E.E.O.C.*, 135 S. Ct. 1645, 1651 (2015). "Congress rarely intends to prevent courts from enforcing its directives to federal agencies," and an agency "bears a 'heavy burden' in attempting to

show that Congress 'prohibit[ed] all judicial review' of the agency's compliance with a legislative mandate." *Id.* (quoting *Dunlop v. Bachowski*, 421 U.S. 560, 567 (1975)).

Congress likewise has explained that its policy has never been "to prevent the administration of its own statutes from being judicially confined to the scope of authority granted or to the objectives specified," since doing so would in effect give the agency a "blank check" to expand its authority at will. S. Rep. No. 79-752, at 26 (1945); *Bowen v. Mich. Acad. of Family Physicians*, 476 U.S. 667, 671 (1986) (quoting the same). Therefore, "'[o]nly upon a showing of "clear and convincing evidence" of a contrary legislative intent should the courts restrict access to judicial review.'" *Dunlop v. Bachowski*, 421 U.S. at 567 (quoting *Abbott Labs. v. Gardner*, 387 U.S. 136, 141 (1967)).

Neither § 314(d) nor anything else in the AIA overcomes this strong presumption in favor of judicial review. Rather, in the AIA Congress "placed limits on [the agency's] statutory powers"; a court's "duty on judicial review is to determine those limits," and ensure that they are not exceeded. *East Texas Motor Freight Lines, Inc. v. Frozen Food Express*, 351 U.S. 49, 54 (1956). Congress did not intend the prohibition on interlocutory review set out in § 314(d) to serve as a blank check that would allow the PTO to freely rewrite its statutory authority, and to institute and decide IPRs on grounds not permitted by the AIA. To the contrary, § 319 ensures that if the PTO exceeds its statutory authority in invalidating patent claims, these issues are subject

to review by the Federal Circuit in an appeal taken from a final decision.

Section 318(a) of the AIA, which the Panel majority cited, does not support a different conclusion. That section states that "if an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316 (d)." 35 U.S.C. § 318(a).

The Panel majority reasoned that this provision does not "expressly limit the [PTO's] authority at the final decision stage to the grounds alleged in the IPR petition." App., 7a. But this myopic interpretation ignores that Congress cabined the scope of IPRs by setting requirements for petitions, and limiting the PTO's authority to institute an IPR to the specific grounds set out in a petition.

Congress did not need to explicitly restate these fundamental limitations in § 318(a), since the PTO only has authority to issue a final decision in an IPR "instituted ... under this chapter," in accordance with those statutory requirements.

Nothing in § 318(a) renders irrelevant the statutory limits on the PTO's authority to institute an IPR proceeding, or gives the PTO authority to render a final decision adjudicating patent rights pursuant to a procedure that was *ultra vires* from the start.

Concluding otherwise, the Panel majority treated the "fact that the petition was defective [as] irrelevant because a proper petition *could have been drafted*." App., 9a (emphasis added). This makes a mockery of the statute and "sets a dubious precedent for responsible proceedings." App., 31a (Newman, J., dissenting). As discussed above, the AIA is explicit that an IPR proceeding can only be instituted if the petition states "*with particularity ... the grounds* on which the challenge to each claim is based, and the *evidence that supports the grounds* for the challenge to each claim." 35 U.S.C. § 312(a)(3) (emphases added). Under the AIA, the statutory test is whether the petitioner has presented proper grounds for instituting an IPR proceeding—not whether a *hypothetical petitioner* would have been able to draft a proper petition.

We are not suggesting that there should be interlocutory review of *ultra vires* institution decisions. But in reviewing a final IPR decision under § 319 of the AIA, the Federal Circuit may review whether the PTO exceeded its statutory authority by instituting the IPR and issuing a final decision on grounds not specifically set forth in the petition as required by the AIA. The Panel decision to the contrary is at odds with the letter and spirit of the AIA, on an issue of exceptional importance to both patent owners and validity challengers.

### C. There is an Intra-Circuit Split in the Federal Circuit

The decision by the Panel majority has led to a split in the Federal Circuit—the exclusive avenue for

appellate jurisdiction in IPR proceedings. *See* 35 U.S.C. § 141(c).

One day after the Federal Circuit denied rehearing en banc in this case, a divided panel decided *Versata Dev. Grp., Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed Cir. 2015), *reh'g and reh'g en banc denied*, No. 14-1194, Dkt. No. 151 (Fed. Cir. Oct. 15, 2015). Like this case, *Versata* also was an appeal from a final decision of the PTAB that invalidated certain patent claims. The agency procedure in *Versata* was not an IPR proceeding, but rather a closely similar transitional procedure for "covered business method" ("CBM") patents. *See* Pub. L. No. 112-29, § 18, 125 Stat. at 329-331.[6] As with IPR proceedings, a CBM review begins with a petition for review, and the PTO may institute review only on grounds set out in the petition. *See* 35 U.S.C. §§ 321(a), 324(a). Like the corresponding section on IPR proceedings, the section of the AIA on CBM proceedings includes a provision entitled "No appeal," 35 U.S.C. § 324(e), which states: "The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable." 35 U.S.C. § 324(e). That section is identical to the corresponding section for IPR proceedings (§ 314(d), discussed above) except that it has the words "post-grant review" instead of the words "inter partes review."

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[6] Section 18 of the AIA is not codified. However, § 18(a)(1) provides that the transitional program "shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35, United States Code," subject to certain modifications. Pub. L. No. 112-29, § 18(a)(1), 125 Stat. at 329.

On appeal, the patent owner in *Versata* argued, *inter alia*, that the PTAB erred in determining that the patented invention qualified as a "covered business method" and in instituting post-grant review on that basis. Notwithstanding the Panel decision in this case, the *Versata* majority held that it had jurisdiction to consider this issue on appeal from a final decision because the error affected not only the decision to institute the CBM proceeding, but also the PTAB's authority in that proceeding to subsequently invalidate patent claims pursuant to the AIA's CBM provisions. *Versata*, 793 F.3d at 1318-22.

In his dissent in *Versata*, Judge Hughes correctly described the panel decision in *Versata* as in direct conflict with the Federal Circuit decision in this case. As he explained in his *Versata* dissent, both cases addressed "a predicate question of authority to invalidate," and reached conflicting decisions on whether a violation of that authority is ever reviewable. *Id.* at 1341 (Hughes, J., dissenting in part).

These divergent and irreconcilable decisions by divided panels, and indeed the 6-5 split on en banc review here, demonstrate the intra-circuit split on this question in the Federal Circuit, and the need for review by the Court to clarify this critical issue.

### D. The Decision Here Leaves No Meaningful Avenue of Relief When the PTO Exceeds its Authority

Under the Federal Circuit decision in this case, the institution of IPR proceedings in violation

of the PTO's statutory authority would evade judicial review even after a final decision on grounds not specifically set forth in the petition, as required by the AIA.

The Panel majority identified mandamus as a possible avenue for challenging an improper PTO decision to institute IPR proceedings "where the PTO has clearly and indisputably exceeded its authority." App., 9a. That possibility is illusory. Under established Federal Circuit precedent, mandamus is not available to challenge an institution decision prior to a final decision, *id.*, 9a-10a (citing *In re Procter & Gamble Co.*,749 F.3d 1376, 1378-79 (Fed. Cir. 2014)), and the Panel majority suggests that § 314(d) might also bar mandamus after a final decision, *see id.* Moreover, even if potentially available, mandamus is a "drastic [remedy], to be invoked only in extraordinary situations," *Kerr v. United States Dist. Court for Northern Dist.*, 426 U.S. 394, 402 (1976), and thus rarely granted. The mere possibility of mandamus after a final decision is not sufficient to reliably provide relief each time the PTO exceeds its statutory authority. These issues are instead properly subject to judicial review during the statutorily-authorized direct appeal from a final decision.

In his *Versata* dissent, Judge Hughes suggested that a "bar on judicial review of institution decisions ... does not mean that patent owners are without recourse in the extreme case" since "[e]ven when a statute clearly demonstrates Congress intended to bar judicial review of agency action generally, courts have recognized an 'implicit and

narrow' exception for agency action that plainly violates an unambiguous statutory mandate." *Versata*, 793 F.3d at 1342 (Hughes, J., dissenting in part). This suggestion likewise would preclude review of *ultra vires* institution decisions after a final decision in all but the most extreme circumstances, and effectively abdicates the judicial function to determine and enforce the limitations on agency authority established by Congress.

In sum, neither mandamus nor an "extreme case" exception provides a meaningful alternative to direct review where the PTO has exceeded its statutory authority in instituting an IPR proceeding.

## II. The Appropriate Claim Construction Standard for IPR is Also a Critical Issue That Divided the Federal Circuit and Warrants Review

This Court also should grant certiorari to hear the first Question Presented, concerning the standard for claim construction that the PTO should apply during IPR proceedings.

This too is a critical issue on which the Federal Circuit is sharply divided. Since claim construction can dictate the outcome on validity, this is an issue of "powerful consequence" for IPR adjudications, and in the proceedings below multiple *amici* "stress[ed] the importance of resolving this concern expeditiously." App., 62a-63a, 67a (Newman, J., dissenting) (citation omitted).

This Court's consideration of this question should be guided by the following inquiry: in an IPR

proceeding, does a patent owner have a sufficient opportunity to amend a claim in the event that the PTO's construction of the claim will render it invalid? As discussed below, this question has governed and should govern the appropriate claim construction standard.

During the iterative process of patent examination, the PTO applies the "broadest reasonable interpretation" ("BRI") test for claim construction. "The PTO broadly interprets claims during examination of a patent application since the applicant may amend his claims to obtain protection commensurate with his actual contribution to the art." *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984) (citation omitted). "Patent application claims are given their broadest reasonable interpretation during examination proceedings, for the simple reason that before a patent is granted the claims are readily amended as part of the examination process." *Burlington Indus., Inc. v. Quigg*, 822 F.2d 1581, 1583 (Fed. Cir. 1987) (citing *In re Prater*, 415 F.2d 1393, 1404-05 (C.C.P.A. 1969)).

The objective of the BRI test is not to determine the single "actual meaning" of a claim, but rather to ascertain the outer boundaries of the claim and "reduce the possibility that, after the patent is granted, the claims may be interpreted as giving broader coverage than is justified." *In re Reuter*, 670 F.2d 1015, 1015 (CCPA 1981) (quoting *In re Prater*, 415 F.2d 1393, 1404-05 (CCPA 1969)). As the Federal Circuit has explained:

> The protocol of giving claims their broadest reasonable interpretation

> during examination ... is solely an examination expedient, not a rule of claim construction. Its purpose is to facilitate exploring the metes and bounds to which the applicant may be entitled, and thus to aid in sharpening and clarifying the claims during the application stage, when claims are readily changed.

*In re Skvorecz*, 580 F.3d 1262, 1267 (Fed. Cir. 2009).

In contrast, during district court litigation, a patent owner is not permitted to amend the issued claims in dispute. *See Yamamoto*, 740 F.2d at 1572 ("An applicant's ability to amend his claims to avoid cited prior art distinguishes proceedings before the PTO from proceedings in federal district courts on issued patents.... This opportunity is not available in an infringement action in district court."). A district court accordingly determines the "ordinary meaning" of a challenged claim term to a person of ordinary skill in art pursuant to the guidelines for claim construction set forth in *Phillips v. AWH Corp.*, 415 F.3d 1303, 1314, 1321 (Fed. Cir. 2005) (en banc).

While the majority and dissent here agreed that the availability of amendment is an important consideration with respect to the appropriate standard for claim construction, they disagreed on how this factor applies to IPR proceedings.

The Panel majority recognized that the BRI test typically applies in post-examination procedures before the PTO, including patent reexaminations, reissues, and interferences. But the BRI standard is

appropriate because amendments are usually allowed in those proceedings, as in original examinations.

This tenet is borne out by circumstances in which the PTO does not apply the BRI standard. For example, when "a reexamination involves claims of an expired patent, a patentee is unable to make claim amendments." *In re Rambus, Inc.*, 753 F.3d 1253, 1256 (Fed. Cir. 2014) (citations omitted). In those situations, the PTO does not apply the BRI standard and instead "applies the claim construction principles outlined by [the Federal Circuit] in *Phillips*." *Id.*

IPR proceedings are unlike the other types of PTO proceedings discussed above, because amendments to claims are sometimes possible in IPR proceedings, but—as Judge Newman observed in dissent—"[t]here is no *right* of amendment." App., 39a (Newman, J., dissenting) (emphasis added). In IPR proceedings (unlike original examinations) a patent owner cannot freely amend claims, but rather must move to amend and only one such motion is allowed as of right. *See* 35 U.S.C. § 316(d)(1).[7] The PTO's implementing regulations further restrict the ability to move for an amendment by requiring the patent owner to first confer with the PTO, and by setting a presumption "that only one substitute claim

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[7] In order to file additional motions to amend, a patent owner must obtain authorization from the PTAB. Such authorization may be provided only when there is "a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement." 37 C.F.R. § 42.221(c); *see* 35 U.S.C. § 316(d)(2).

would be needed to replace each challenged claim." *See* 37 C.F.R. § 42.221(a)(3).

In contrast to original patent examination, amendments are not freely granted. In fact, the PTO recently rejected suggested changes to its regulations which would have provided that "motions to amend should be liberally allowed," and considered on par with amendments during prosecution. *See* Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board; Proposed Rules, 80 Fed. Reg. 50,720, 50,723-24 (Aug. 20, 2015). The PTO explained that the AIA sets "statutory limitations for amendments" and thus "motions to amend cannot be entered in the same way as amendments that are entered during prosecution, which are not bound by such restrictions." *Id.*

Although the Panel majority recognized that "the opportunity to amend is cabined in the IPR setting," it stated that the possibility of amendment is "thus nonetheless available," and concluded that the BRI standard accordingly is appropriate for IPR proceedings. App., 17a. Judge Newman disagreed, concluding that the "restricted role of amendment in the America Invents Act proceedings comports with the intended and expected 'correct' claim construction, not the broadest claim construction." *Id.*, 39a-40a (Newman, J., dissenting).

Notably, the PTO recently proposed a change to its regulations that would require the PTO to apply the *Phillips* standard, rather than the BRI standard, in deciding whether to institute IPR proceedings for a narrow and discrete category of

claims, i.e., non-expired claims that will expire before a final decision. *See* 80 Fed. Reg. 50,720, 50,722, 50,743, 50,746-47 (Aug. 20, 2015). The PTO stated that application of the *Phillips* standard for construction of such claims is "appropriate," since "[s]uch patents *essentially lack any viable opportunity to amend the claims* in an AIA proceeding." 80 Fed. Reg. 50,722 (emphasis added).

The question presented here is whether, regardless of patent expiration, patent owners involved in an IPR proceeding truly have a "viable opportunity to amend the claims" that is sufficient to warrant application of the BRI standard, as opposed to the *Phillips* standard that applies in district court litigation and other circumstances in which there is no opportunity for amendment, or some other claim construction standard that the Court concludes is appropriate in light of the unique nature of IPR proceedings. This is a question of great significance, and guidance from this Court is sorely needed.

## III. This Case is an Ideal Vehicle for the Court to Resolve These Critical Issues

The Questions Presented in this petition are critically important to patent owners, patent challengers, and the future viability of IPR proceedings. The proper scope of the PTO's authority to institute a proceeding and to invalidate claims, and the claim construction that it should apply to adjudicate validity, are matters that impact nearly every IPR proceeding.

Both issues are squarely presented in this case and have been fully developed through extensive

briefing by the parties and *amici*, as well as through multiple judicial opinions both at the Panel and rehearing stage in proceedings below. Moreover, just one day after the request for rehearing in this case was denied, an intra-circuit split arose in the Federal Circuit concerning the second Question Presented.

These issues will continue to arise in and influence the outcomes of IPRs, which are being filed and instituted at rapidly growing rates that have far exceeded all expectations. It is critical that this Court consider these questions at this juncture in order to resolve conflicting precedent in the Federal Circuit and establish clear guidelines and greater predictability for future proceedings.

## CONCLUSION

This Court should grant the petition for a writ of certiorari on both of the Questions Presented.

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